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MAY 1, 1967



AGRICULTURE IN MAINLAND
CHINA'S CHANGING TRADE

GRAPHS TELL STORY OF OUR
FOREIGN AGRICULTURAL TRADE

FAS POULTRY EXHIBITS

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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Including FOREIGN CROPS AND MARKETS

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Bags of cocoa are stacked in a storage warehouse at port in Nigeria—second largest cocoa producer in the world after Ghana. Article on page 8 tells how the world's output is meeting increasing demand. (World Bank photo.)

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Agriculture's Role in Mainland China's Changing Trade

By MARION R. LARSEN
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Spectacular rampages by Mainland China's Red Guard and political duels in high Chinese Government circles have been making headlines the world over. Yet the facts of the country's economic life continue to exist behind the slogans and demonstrations. Among these facts are the continued growth of China's agricultural trade and the strong thrust of that trade away from other Communist countries and toward the West.

During the 17 years covering the lifetime of the Chinese Communist regime—and that of many a Red Guard revolutionist—China's foreign trade has swung almost full circle, first away from the West and of recent years increasingly back toward it. Instrumental in the return swing have been the ever-widening gap between China and the Soviet Union—the world's two largest Communist countries—and China's urgent need for grain, chemicals, and other goods more readily available from Western sources.

Agriculture in the foreign trade shift

Agriculture's part in the shift has been of prime importance; for in a large, undeveloped, and densely populated country like China, both foreign trade and economic growth depend largely on the state of its farms. The increasing pace of agricultural recovery after the collapse of the Great Leap Forward has made possible an upswing in agricultural exports that has helped finance other purchases. It is also true, on the other hand, that only through imports of wheat and cotton have the Chinese managed to boost their exports of rice and textiles.

This rising trend in agricultural exports, which began in 1963, continued through 1966. Since the volume of these exports reflects the previous year's harvest, it would not have been affected in 1966 by the disorders accompanying the intensification of the "cultural revolution" that year. The 1966 harvest season, on which 1967 exports of rice and soybeans will largely depend, does not appear to have been greatly disrupted.

Agriculture and social unrest

Very much a question mark at this point is the effect of the social and political turmoil on agricultural production during 1967 and later. Weather will certainly remain the crucial influence. Yet there may be delayed results from some of the events reported. In late 1966 and early 1967, much of the year's water conservancy work was not completed, and it is believed that in some areas the seeding plans were not fully carried out.

Perhaps even more important are signs that agricultural cadres are disillusioned, frightened, and much confused about what they should be doing. In mid-March, the army was directed to help supervise agricultural planning in the provinces. How effective this help will be, or how it will be received, it is too early to say.

In any case, it takes time for production plans to filter upward for high-level approval; and policy struggles in the higher echelons might further delay putting the plans into actual effect. If this happens, some farmers and production

groups may simply plant what their local situations call for and ignore the master plans. There have been reports already that some food-short localities in the North are planting grain instead of soybeans and that good cotton prices are encouraging some farmers to switch from food production. Thus, one certain effect of the disorders will be uncertainty as to how much of any one crop has actually been planted and where.

How trade has developed under Communist policy

Mainland China's foreign trade is a state monopoly, used as an instrument in the pursuit of political objectives both at home and abroad. The Communist regime, obsessed with transforming China from a backward agrarian country into an industrial state with a powerful military establishment and broad international recognition, has leaned heavily on foreign trade—particularly in agricultural products. Trade provided capital-goods imports, including modern industrial technology; helped compensate for shortfalls and relieved bottlenecks in domestic production; and served as an entering wedge for Chinese influence both in other Communist countries and in less developed countries of the Free World.

With its massive population—85 percent of which earned a livelihood from farming—and without a source of substantial aid from the outside, China could reach its economic goals only by exporting, and the burden of exporting had to be borne by the agricultural sector. From 1955 on, a favorable trade balance was maintained—but at the cost of domestic consumption.

Agriculture, pressured by inadequate investment and lacking in farm production inputs, was strained to its limit under a compulsory rationing system (inaugurated in 1956). Peasants were regimented and worked to the limits of human endurance on a scanty diet in an effort to keep production up. This approach sustained impressive industrial growth up to 1960, when agriculture's foundation disintegrated in the Great Leap Forward fiasco.

The fight for an agricultural export surplus

Although China's exports in the early 1950's averaged less than half those in the peak trade year 1959, about 75 percent were farm products. Traditional agricultural exports were soybeans and other vegetable oilseeds, oilcake, livestock products—hides and skins, bristles—silk, tea, tobacco, rice, and tung oil; other exports included non-ferrous metals, pig iron, and coal.

The \$1.1 billion worth of agricultural products—including over \$800 million worth of food—that China exported in 1959 accounted for half the country's total exports. By 1962, they had declined more than two-thirds to about \$425 million and accounted for only about 28 percent of the total. Food exports had fallen by almost 70 percent to approximately \$250 million. Textile exports increased as those of foods declined; they became China's leading export in 1960. Increased imports of raw cotton since 1962 and severe textile rationing made this possible despite reduced domestic cotton output.

Hides, skins, bristles, soybeans, tea, and tobacco retained their relative positions from 1955 to 1960, but declined

thereafter. Peanut exports dropped off after 1955, but rice exports increased to a peak of 1.6 million tons by 1959—probably because of the rapid rise in the production of sweetpotatoes in South China as a rice substitute. Rice exports in 1962, however, were only slightly more than a fourth of the 1959 peak.

As China's agricultural recovery gained momentum, exports of agricultural products increased rapidly; in 1965 they were almost double the 1962 level and comprised about 41 percent of total exports. Food exports rose about 120 percent during the period. However, neither agricultural exports as a whole nor food exports in particular have regained the peak level of 1959.

The revival of agricultural exports has been spotty. Generally, exports of those products associated with private plots have increased the most, in relative terms; livestock and poultry products and fresh and processed vegetables and fruits are notable examples. Traditional agricultural exports have had a more sluggish increase; they remain below the level of the 1950's. To get the greatest advantage from agricultural exports, the regime announced in 1964 that purchases of wheat were to facilitate larger exports of high-valued rice. This is economically sound, and it took place to a certain extent, but the increase in rice exports was not commensurate with the claims. Rice exports in 1965 reached about half the 1959 peak and at best would not offset more than a third of the wheat imported that year.

Agricultural import requirements soar

The effect of increases in agricultural exports upon China's industrial expansion was blunted by the need for agricultural imports. Between 1961 and 1965, a huge deficit—averaging about \$125 million a year—developed between food imports and food exports. This deficit necessitated severe cutbacks in imports of machinery and equipment, imports of which amounted to only about \$120 million in 1962, compared with just under \$1 billion in 1959. They increased to about \$300 million in 1965—the largest since 1960.

Not until 1965 did the total value of farm exports inch past and offset that of farm imports; and food imports may still have slightly exceeded food exports. In 1959, imports of agricultural products had amounted to less than one-half of one percent of total imports; in 1965, they had surged to 40 percent. If we add imports of chemical fertilizer, the combined share of foods and aids to agriculture becomes 3.9 percent and 48 percent for the 2 years. Thus, agriculture now contributes far less to China's industrialization than it did in the early days of the Communist regime.

How trade began to shift toward West

The Chinese Communist regime's early "lean to one side" policy favored Communist countries, particularly the Soviet Union. This orientation was greatly strengthened by the Western trade embargo imposed at the time of China's intervention in the Korean War. Imports of goods from the Free World occurred chiefly when they were unavailable or in short supply in the Communist world. Before 1950, 75 percent of China's foreign trade was with non-Communist countries, but by the end of 1952 the flow had been reversed. While China's total trade doubled in the 5 years from 1950 to 1954, trade with the non-Communist world declined nearly 30 percent.

After the Korean armistice, the Free World began to regain a share of China's trade. Free World trade with China by 1957 was back at the pre-1950 level, though still accounted for only a third of China's total imports and exports. China's trade with the Communist Bloc—both import and export—continued at between two-thirds and three-fourths of the total through 1959. This ratio began shifting in 1960, after the failure of the Great Leap and in 1962, when trade bottomed out, the Bloc's share had been cut to half.

Westward swing continues

The combination of the ideological split within the Communist Bloc, the sudden need for products which the Bloc could not supply in volume (grain, chemicals, and other capital goods), and the withdrawal of Soviet aid and technicians in 1960 led to a reorientation of China's trade in the early 1960's. At first China financed its large grain imports by drastically cutting imports of machinery and other investment goods; by emergency sales of precious metals; by overseas remittances; and by credits from Australia and Canada, the principal grain suppliers. Subsequently, it shifted many of its exports to markets where hard currency could be obtained. As industry began recovery in 1962, imports of capital goods from the industrial West began to increase. These, combined with large imports of food and other agricultural products (cotton, rubber, and wool) from the Free World, totaled more than half of China's imports in 1963—for the first time since 1951. Since 1960, China has been the world's largest cash buyer of wheat.

China a competitor in Free World markets?

China has continued to strengthen its trading position with the Free World. Flexibility in filling orders, promptness in payments, willingness to trade small lots and the liquidation of the Soviet debt in 1965 have been major factors in the expansion of this trade. Within the framework of a favorable trade balance, China has kept credit to a minimum.

China's approach to international trade has as its underlying principle the penetration of established markets which provide the greatest advantage. Even though it is at present only a small supplier of raw and processed farm products in world markets, the effect of its price manipulations to obtain hard foreign currency is beginning to become apparent. For example, Chinese competition with certain West European countries for markets in eggs and other livestock products and with Japan and other Asian countries for markets in textiles, electronics equipment, and other consumer goods is becoming a reality.

China's increasing foreign trade is of interest to agricultural producers in the United States. The two countries are the two largest producers of farm products in the world; both are major exporters of farm products; and both sell similar products—notably rice and soybeans—to similar areas in the world.

Although China had to curtail its farm exports in the early part of the current decade, it is making strenuous efforts to get back into the mainstream of agricultural trade. If it can get its economy back on track, and if there is no serious disruption of agriculture and trade accompanying its current political crisis, it could some day make its presence more strongly felt in Free World markets.

Australia Passes Halfway Point Selling Its Record Wheat Harvest

By JAMES P. RUDBECK
Grain and Feed Division, FAS

The Australian Wheat Board recently announced that export sales to date from last year's record wheat crop are 4.9 million metric tons—over half of the exportable supply of 9.5 million tons. From the recent harvest of 2.2 million metric tons the Wheat Board expects to receive 11.8 million. After supplying the domestic market the Board estimates that it has 9.5 million tons for export, or 4.7 million more than last year's actual exports and 2.2 million over the 1964-65 record export volume.

The current Australian marketing season extends from December 1966 through November 1967. The overseas marketing of 4.9 million tons so far this marketing season is the result of the Board's seeking out new markets, particularly in South America; arranging more efficient shipping to European ports; stressing sales in traditional markets and off-and-on markets like the Republic of South Africa; offering higher protein wheat to Japan; and selling near-record volume to Mainland China.

New customers in South America

Dr. Allan R. Callaghan, Chairman of the Australian Wheat Board, recently announced that the Board has sold 100,000 tons to Brazil and approximately 20,000 tons to Peru—both new markets. Previously, the Wheat Board had announced a sale of 75,000 tons to Chile, with an additional 75,000 tons contingent upon Chilean exports to Australia. These purchases have been the result of the Board's aggressive sales campaign in South America.

In an attempt to boost sales to Europe the Board has begun shipping wheat in large tankers of about 35,000 tons to transshipping points like Rotterdam or Amsterdam. This program will enable the Australians to increase sales in the traditional U.K. market and to price more competitively in other European markets. Previously, the Australians shipped directly to European destinations in 10,000-12,000-ton vessels. The new transshipment program is expected to save about \$1.50 per ton.

Sales growing in Europe

In connection with this European sales program the Board has announced sales of 21,000 tons to the Netherlands, 24,000 to West Germany, and nearly 100,000 tons to Norway. Later trade reports indicate that the Netherlands has purchased about 71,000 tons and West Germany 18,000.

Further sales are contemplated, especially to Norway. These sales are in part new and in part additional to normal marketings to Europe. During the past 2 years, the Board has exported no wheat to the Netherlands, nothing to West Germany last year and only 9,540 tons the previous year, and 35,440 and 74,010 tons to Norway in 1965-66 and 1964-65, respectively. These sales also represent new offerings of Australia's higher protein wheats.

Even though the Republic of South Africa has in most years been only an occasional market for Australian wheat, so far this year the Board has put about 230,000 tons into this market. Last year's shipments were 67,000 tons while 2 years ago no wheat was shipped to South

Africa. Pakistan has become Australia's second largest wheat market, taking roughly 500,000 tons so far this year—nearly seven times the previous 5-year average. At least 450,000 tons of the Pakistan sales are on credit terms of 10 percent down, 20 percent at 6 and 9 months, and balance in 12 months. Australia so far has also been able to put 300,000 tons into the Indian market, half of this amount as a gift. Trade reports look for additional large sales of Australian wheat to India as the year progresses.

Ceylon recently purchased 200,000 tons of Australian flour, approximately 72,000 tons above the amount shipped in 1965-66 and the largest flour sale ever made by the Board. Lebanon has also increased its purchases of wheat this year, about 80,000 tons versus 51,500 in the 1965-66 season.

In Japan, the Wheat Board has started to offer hard and semi-hard wheats, which will compete directly with U.S. Hard Winter with 13-percent protein. So far the Australians have only been successful in selling 30,000 tons as food wheat. Traditionally the Australians sold only FAQ wheat to Japan to be used as feed wheat, but Australians are seeking a breakthrough into the food wheat category, which right now represents about 75 percent of Japan's total wheat imports.

Two sales to Mainland China

In November the Board sold 1.5 million tons to Mainland China, one of the biggest sales ever made by the Australians. This sale was made on the usual credit terms of 10 percent down, 20 percent in 6 months, 20 in 9 and the balance in 12 months.

Over the past several years, Mainland China has been an outlet for about one-third of all Australian wheat exports. Generally the Board makes two annual sales to China, the first around November when the current crop prospects are fairly firm and the second around May, about halfway through the marketing season. The size of the second sale has been between 570,000 and 1,360,000 tons in recent years.

North Korea has also taken an increased amount of Australian wheat—115,000 tons so far this season compared with 30,400 tons shipped in 1965-66.

Shipments of Australian wheat and flour from December 1 through March 25 of the current marketing year are 2.7 million tons, against 1.5 in the previous year. Virtually all of the gain in loadings is attributable to the sales to Pakistan, India, and Mainland China since shipments to other areas have been about par with the previous year's rate.

With an export program of 9.5 million tons and 4.9 million already sold the Australian Wheat Board still must find markets for about half its export availabilities. A second sale to Mainland China would take a big slice out of this balance, and prospective sales to India should diminish it still further. The strong price campaign in Europe shows prospects of generating still further new sales, and slightly above-normal sales to African and Asian areas look promising. However, on balance it appears that Australian carryover stocks will show an increase of unsold wheat at the end of the current marketing year.

Graphs Tell Story of Our Foreign Trade in Farm Products

U.S. agricultural exports make up one of the brightest spots in the overall farm picture. As the graph just below shows, shipments estimated at \$7 billion this year will set a new record for the third year in a row. This is a long way from the \$3.1-billion total of 1955.

Currently, about 77 percent of our farm exports move for dollars, whereas only about 23 percent are shipped under the P.L. 480 Food for Freedom program.

Here are some of the highlights of the export picture:

Farm product shipments make up one-fourth of all U.S. merchandise shipments. They account for the production of 1 acre out of every 4 harvested. We ship a fifth of all the farm product exports in the world, making us the biggest shipper by a wide margin.

Overall exports last year accounted for 17 cents out of

each of the farmer's market dollars. For wheat, export made up 65 percent of the 1965 production; rice, 55; soy beans, 42; tobacco, 28; cotton, 21. Exports on such big scales help farmers, of course; but they also mean jobs for American workers—and profits for American business men.

We also import. We must import if we want to export for trade must be two-way. But, as the chart shows, we are ahead of the game. The import line has been relatively "flat" for 12 years. That's rather remarkable, in view of the fact that between 1955 and 1967 the U.S. population increased by over 33 million people, who had a sharply higher purchasing power than they had 12 years ago.

As the graph at the bottom of this page indicates, even agricultural exports for dollars have now moved ahead of agricultural imports—and the margin shows every sign of continuing to widen.

The expansion of dollar exports traces to a few basic factors.

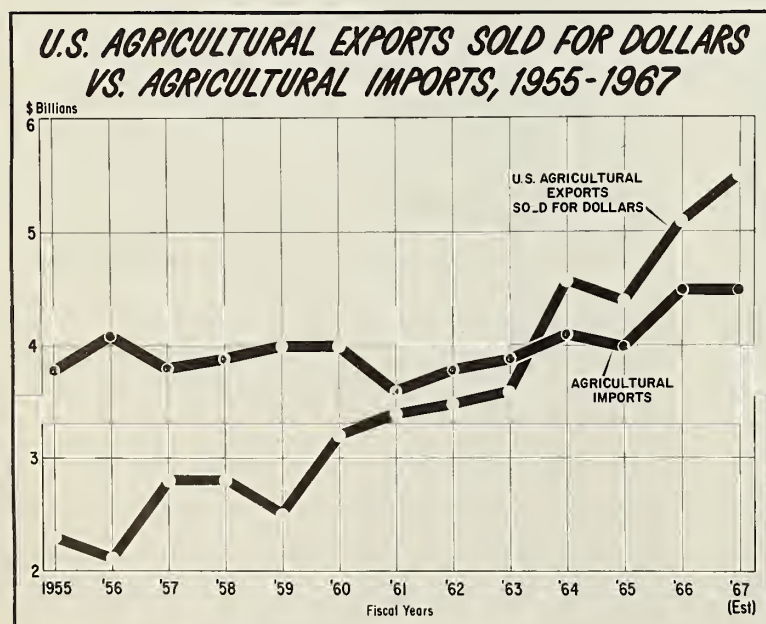
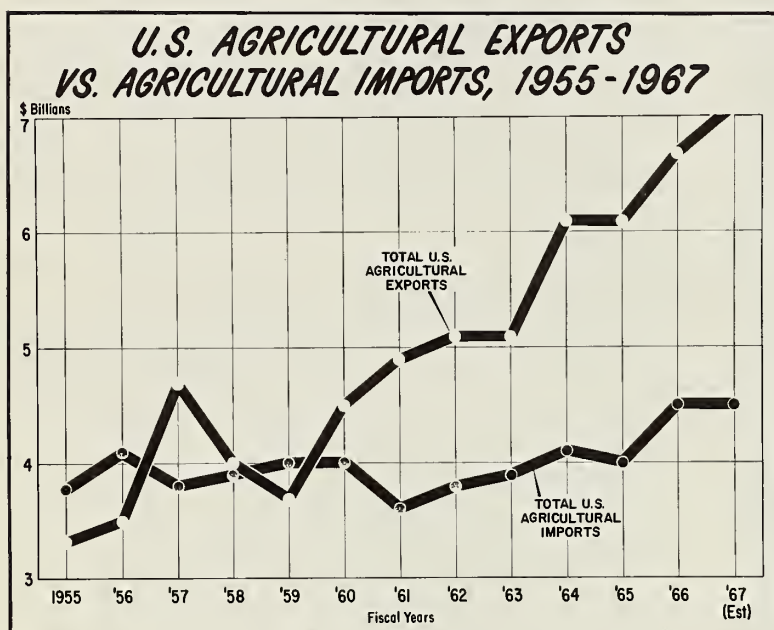
Of prime importance is the economic growth taking place all over the world. This has given foreign consumers more purchasing power, some of which they are using to upgrade their diets. In such industrialized countries as Japan, the United Kingdom, Western Germany, France, and Italy diet improvement has meant increased consumption of livestock products. This has called for larger herds and flocks, and, in turn, greatly stepped-up imports of U.S. feedgrains, oilseeds, and oilseed feeds. Foreign demand has also supported the expanded buying of hides and skins, rice, tallow, fruits, vegetables, and, in recent months, tobacco and cotton.

The United States has capitalized on this favorable economic climate with a vigorous government—industry market development program.

For example, beginning in 1960 we stepped up our wheat promotion in Japan by pushing U.S. wheat products with Japanese consumers, working with Japanese bakers, millers, and grain importers. In the United States, government and agricultural groups were able to secure reduced rail freight rates, which enabled us to position hard winter, spring, and durum wheats at West Coast ports where they could compete more keenly with wheats from Canada and other exporting countries. In fiscal 1966 Japan bought \$114 million worth of U.S. wheat—more than we sold commercially to any other country.

Finally, the United States has been reasonably successful in surmounting trade barriers of various kinds to maintain and improve trade access to major dollar markets. Without access, we could never have set a succession of export records.

Agricultural exports will continue to expand. But the rate of growth will depend in considerable part on the access arrangements that have emerged from the Kennedy Round, now ending. Its closing weeks have been critical weeks because the President's authority to cut duties expires on June 30.

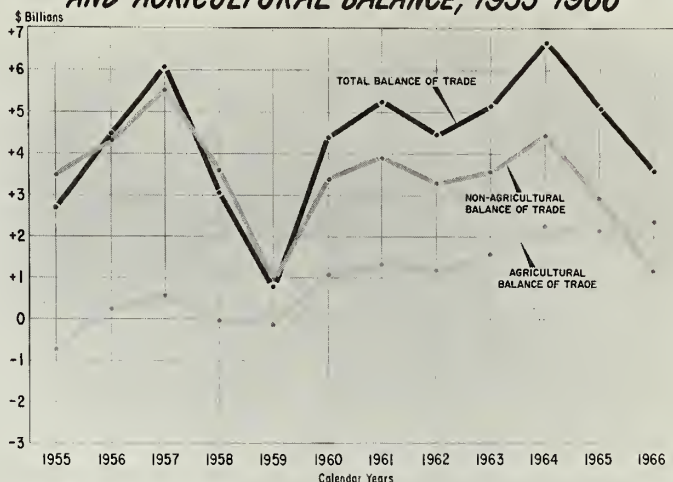


The balance of trade is the difference between total merchandise exports and total merchandise imports. As the top line in the chart at right shows, the balance has been favorable during the entire 1955-66 period.

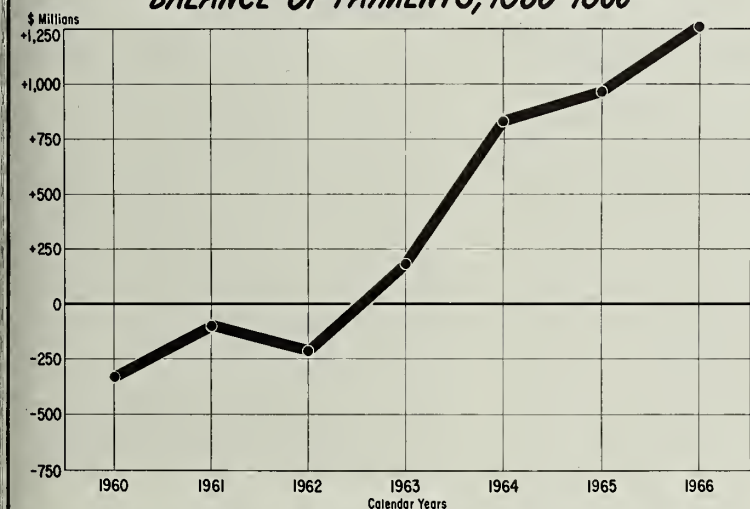
The agricultural balance (bottom line) is the difference between exports of U.S. farm products and imports of such complementary products as coffee, tea, bananas, rubber, jute, as well as such supplementary items as sugar, meat, wool, vegetable oils, tobacco, and fruits.

Agriculture has made an excellent contribution to the total trade balance in recent years. As the bottom line shows, this balance has risen from less than zero in some years to a peak of \$2.4 billion in 1966. As a matter of fact, agriculture's contribution in 1966 accounted for 67 percent of the total, surpassing the nonagricultural balance.

TOTAL BALANCE OF TRADE, NON-AGRICULTURAL BALANCE, AND AGRICULTURAL BALANCE, 1955-1966



AGRICULTURE'S NET CONTRIBUTION TO THE BALANCE OF PAYMENTS, 1960-1966



The chart at left shows how the net contribution of agriculture to the balance of payments has risen from less than zero in the first 3 years of this decade to over \$1.25 billion in 1966. This figure was arrived at by subtracting the value of agricultural imports—\$4,492 million—from agriculture's gross contribution of \$5,749 million.

Exports sold for dollars—\$5,321 million last year—make the biggest contribution. Another component was the sum of the "avoided dollar outlays" growing out of Public Law 480 operations.

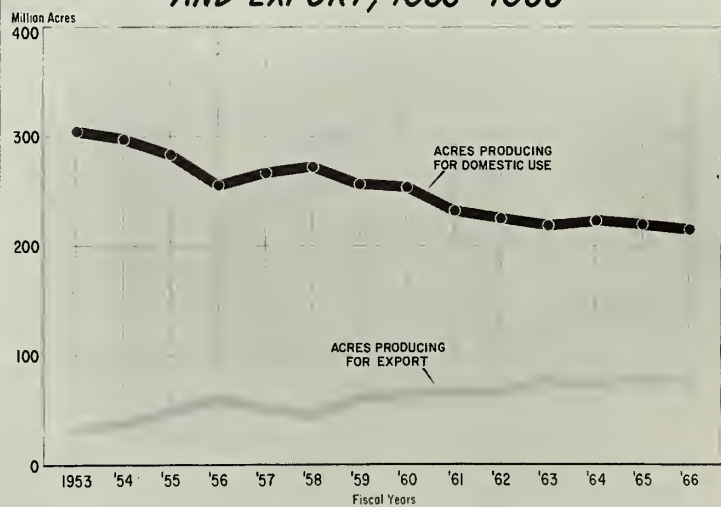
For example, in 1966 we were able to use some of the foreign currencies acquired from the sale of farm products in paying part of our embassy expenses, military outlays, and costs of agricultural market development. In addition, we bartered food and fiber for needed goods and services abroad. All of this added up to \$428 million in 1966.

The graph at right shows that acres producing for export have risen from 31 million in 1953 to 76 million. Thus the gap between the lines has narrowed perceptibly.

There are quite a few important factors back of this chart. For example, the increase in acres producing for export traces to greatly expanded shipments of wheat, corn, grain sorghums, soybeans, rice, and, this year, cotton and tobacco. Also, we are continuing to provide substantial food aid to the developing countries.

The decrease in acreage for domestic use has been hastened by programs to take acreage out of production—made possible because yields per acre have increased, and also because we had accumulated large commodity stocks. These stocks have been largely liquidated now, and the decline in acreage for domestic use will probably level out.

U.S. ACRES PRODUCING FOR DOMESTIC USE AND EXPORT, 1953-1966



World Cocoa Output Again Fails To Match Increasing Demand

World cocoa inventories will dip again in 1967 despite growing output as consumption exceeds production for the second consecutive year. Production of cocoa beans in 1966-67 has been estimated by USDA at 1,327,000 metric tons—8 percent higher than the previous season and second largest on record. (See FAO estimate below.) World grind of cocoa beans approximate a record 1.38 million in 1966 and is expected to be about the same in 1967.

Prices for cocoa beans have gone up as the supply has dwindled. In 1966 they rose to an average 24.4 cents per pound—7.1 cents over the 1965 level. Prices (N.Y. Spot Accra) are expected to continue to strengthen in 1967, and thus far have averaged 27.5 cents per pound during January and 29.7 cents during February and 29.1 cents in March.

However, as cocoa prices move higher, manufacturers are adjusting their grind schedules downward accordingly. Higher cocoa bean prices have already been reflected in lower grind reports for fourth-quarter 1966 by several major consuming countries. Manufacturers have reduced the size of chocolate bars and have limited expansion of chocolate usage in confectionery and bakery products.

The world cocoa economy is on a sounder basis now than it has been in many years. Prices (New York Spot) are at their highest levels since 1960, and no surpluses are foreseen. Consumption, at least for the next few years, is expected to keep abreast of the rising world production.

The USSR and Eastern Europe are new and rapidly expanding markets for cocoa, while traditional markets in Europe and in North America will likely see increases in consumption at a slower rate. If prices continue to go up, consumption may become limited by the use of cocoa butter extenders and substitutes.

FAO Statistics Group Meets

The Cocoa Study Group of the Food and Agriculture Organization of the United Nations held the 20th meeting of its Committee on Statistics in Rome this spring. For the first time, a representative of the USDA attended. Major work of the Committee was to review FAO's previous esti-

mates of world cocoa production and grindings for the past 2 years and the forecasts for 1966-67.

Production of cocoa in 1966-67 is now estimated by FAO at 1,328,000 metric tons and the grind for 1967 forecast at 1,413,000, which will cause a drawdown of 85,000 tons from stocks (1 percent loss in weight not included). This is the second consecutive year that FAO figures have shown a drawdown of stocks. The 1966-67 production figure is 7.5 percent above that for 1965-66, which in its turn was 19 percent below the record crop of the year before.

The most important development other than the release to the press of FAO's figures was the Committee's review of the long-range FAO projec-

tions for production and grindings. FAO had prepared a study which gave projections through 1985. The Committee suggested to the FAO Secretariat that the study contained some inaccuracies, in all probability because the base period used, while suitable for other commodities included in the FAO study, was not appropriate for cocoa.

The Secretariat acknowledged the imperfections of the study and agreed that the methodology and the data used were inappropriate, particularly in view of the fact that some production projections had already been surpassed in 1964-65. FAO promised to prepare another study as soon as possible which would reflect recent developments in production and grind-

Australian Land Proposals

Changes proposed for land tenure regulations in Australia's Northern Territory could, if enacted, mean substantial increases in investment and development of the beef industry and agricultural output. The proposals will be voted on this month by the Territory's Legislative Council; no serious opposition is anticipated.

Included in the changes are measures that would bring greater security of tenure for leaseholders, greater flexibility of land use, no further leases to pastoral homesteads, and agricultural production on pastoral leases already issued. Also proposed was the repeal of the personal residential covenant—a move to permit companies to hold farm leases.

The beef industry in the Northern Territory—which is likely to gain much from the law revisions—is undergoing rapid changes, principally as a result of the market for manufacturing meat opened up in the United States. Livestock is gradually moving from an open range system of production to controlled breeding and grazing.

Several factors have made investments in the Territory's pastoral industry attractive. Among them are extensive road-building projects which are providing easier access from inland pastures to slaughterhouses at major ports. These "beef roads" are being financed by straight grants issued to

the Territory from the Australian Commonwealth Government to stimulate beef exports.

American and other foreign groups backed by strong financial resources have expressed great interest in the development of large-scale ranching and farming in the Northern Territory. However, such high-cost land development has been beyond the scope of the average local small cattleman, and the existing leasehold system provides only minor encouragement for development by large company holdings.

The new proposals are expected to overcome these problems and stimulate demand for pastoral and agricultural leases from both domestic and overseas investors.

—WILLIAM R. HATCH

U.S. Agricultural Attaché, Canberra

Canadian Wool Payment

Canada's Department of Agriculture has announced that it will make a deficiency payment of 18 Canadian cents per pound on eligible wool marketed in the year ended March 31, 1967. This compares with 16.3 cents per pound paid out in 1965-66.

Volume of wool graded and eligible for the payment amounts to about 3.7 million pounds. Payments will total approximately C\$600,000 and will go to some 18,000 producers who have marketed at least 20 pounds of wool of eligible grades through a registered wool warehouse.

FAS Exhibits Provide Export Data to Poultry Industry

Since 1956, when FAS and the poultry industry first teamed up to develop foreign markets for U.S. poultry, exports have become an important outlet for this commodity.

To this highly successful promotion of U.S. poultry overseas both industry and FAS have made complementary contributions—of money, administra-

tive personnel, and promotional know-how. The trade's activities are administered by the Institute of American Poultry Industries, acting for the industry's International Trade Development Board (ITDB).

A special contribution FAS has made is the staging of informational exhibits at poultry trade conventions in the United States. These exhibits have helped immeasurably in obtaining support for the foreign market development program at the grass roots of the poultry industry—the producers, processors, and distributors.

First prepared for conventions in 1957 under the direction of the FAS Dairy and Poultry Division at the request of industry, these exhibits have since become a regular yearly production. They are designed to serve two main purposes—(1) to keep the entire poultry industry informed about opportunities for selling in foreign markets and to show how to take advantage of these opportunities, and (2) to report on the FAS-industry market development program.

This year's exhibit, below, featured the shipment of poultry abroad in all-container ships (upper left) as well as promotions in West Germany and the Orient. Left, container of poultry is loaded for journey abroad.

Whereas commercial exhibitors at the poultry conventions must pay for exhibit space, FAS receives the space free for its service in telling the export story to the industry.

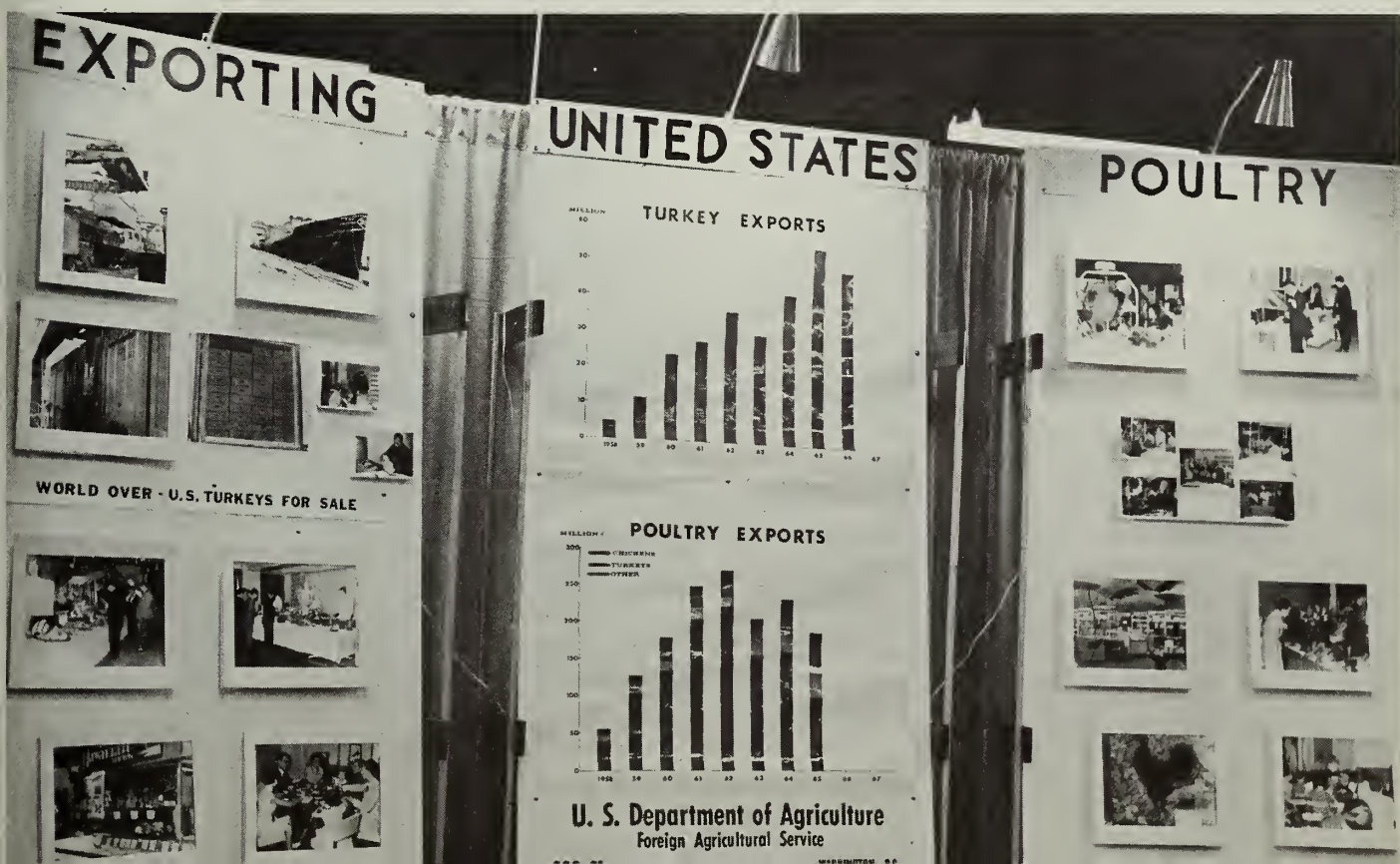
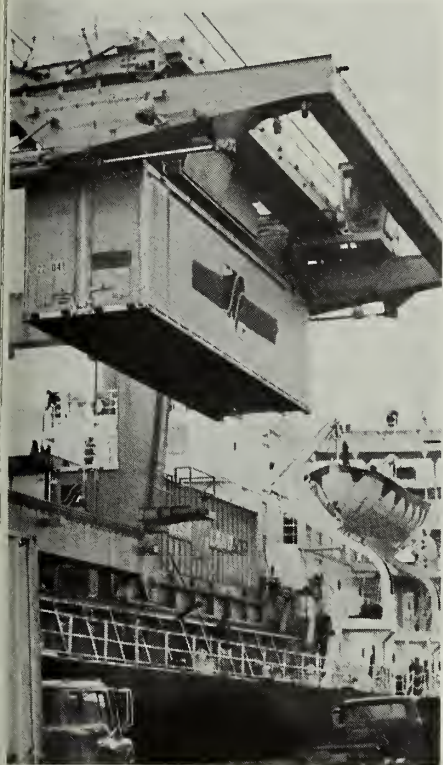
Keeping poultrymen up to date

When the FAS-industry promotion program began in 1956, exporting was new to most poultry packers and exporters. They had many questions about what kind of poultry was marketable abroad, how packaging should be handled, and how best to introduce U.S. poultry products in new overseas markets.

The first exhibits stressed answers to such questions. Attendants at the exhibits included personnel from the Dairy and Poultry Division who knew about exporting procedures and could answer questions on the spot.

The 1957 exhibit showed the kind of poultry being sold in West Germany, thus giving visitors to the exhibit an idea of what their competitors were doing. In a later year, the problems faced by poultry exporters to countries of the Common Market was the exhibit subject. At other times it has been methods of packaging, changing marketing conditions, or changes in demand.

The 1967 exhibit highlighted the shipping of poultry abroad in all-con-



tainer ships—a new development in transportation. Some 13,500 people attended the conventions at which the exhibit was shown, and all were at one time or another exposed to it.

After viewing the exhibit, 76 representatives of export firms and 213 from broiler and turkey processing plants inquired about the export situation for poultry.

Reporting on the program

Industry's share of the funds that support the poultry market development program comes from a number of poultry associations through ITDB. Members of these associations want to know what they are getting for their money.

Each year one section of the exhibit tells them what the program has accomplished in the preceding year. Special success stories are illustrated by color photos. The most outstandingly successful promotion of the year is emphasized.

This year's exhibit featured IAPI's promotion program for barbecued poultry—primarily turkey and chicken parts—in Germany. Also illustrated were the poultry show at the U.S. Trade Center in Tokyo, at which 15 U.S. poultry processors displayed their products and poultry exhibits at the special U.S. food promotion in Hong Kong in August.



Above, U.S. poultry arrives at last fall's food promotion in Hong Kong via traditional mode of transport; below, photograph used widely in West Germany to spotlight use of poultry for barbecues and other summer meals.



Cameroon Receives World Bank-IDA Loan for Plantations

The World Bank and its affiliate, the International Development Association (IDA), are providing the equivalent of \$18 million for a large-scale plantation program in the Federal Republic of Cameroon.

The program will be carried out by the Cameroons Development Corporation (CAMDEV)—a statutory authority of the government which is managed by the Commonwealth Development Corporation of the United Kingdom. CAMDEV will receive a World Bank loan of \$7 million plus funds from an IDA credit to the federal government of \$11 million. In addition, the Commission of the European Economic Community has approved a \$6.4-million loan to the federal government, which will be re-loaned to CAMDEV.

With this aid CAMDEV will be able to expand its plantations under oil palm, rubber, tea, and pepper by 26,500 acres to a total of 81,800. The

largest expansion will be in oil palm, CAMDEV's most profitable crop, with the EEC loan used specifically for the development of 10,800 acres of oil palm and the construction of a processing plant.

The program will include both new planting and replanting, work on existing immature plantings to bring them into production, plus provisions for necessary processing facilities and other equipment.

It will more than double CAMDEV's contributions to exports, which even now amount to about a third of West Cameroon's total exports.

NRA Promotions in Japan

The National Renderers Association has underway two programs to encourage greater use of U.S. livestock products in Japan—a soap promotion campaign to up consumption of tallow and animal-feeding trials featuring

feathermeal and meat and bone meal.

The soap campaign stresses the importance of personal cleanliness in preventing diseases and is aimed chiefly at schoolchildren and rural inhabitants. Carried out in cooperation with the All-Japan Soap Association, the program is a repeat of last year's successful "wash-up" campaign and has the full support of several Japanese Government agencies. Chief media for the campaign's message are radio, television, pamphlets, and posters.

The feeding trials demonstrate results of using feathermeal and meat and bone meal as protein supplements in swine and poultry rations. Sponsored jointly with the Japan Scientific Feed Association, the trials are being held at major feed manufacturers' research centers and government research facilities. Japanese demand for proteins is likely to rise with feed production, which has reached a level of 9 million tons per year. Imports of feathermeal and meat and bone meal in 1966 totaled about 80,000 tons.

World Barley and Oats Production Sets Record

World barley and oats production in 1966 reached a record total of 144.4 million metric tons, 6 percent above the 1965 record crop.

World barley production is estimated at 100.4 million tons, 9 percent above output in the year before and 8 percent over the 1964 record. Canada had a record crop of 6.4 million tons, while U.S. production, at 8.5 million tons, was down 1 percent. Western Europe harvested 7 percent more than its 1965 record.

World oat production in 1966 is estimated at 44.0 million tons, slightly over the 1965 crop but 10 percent below the 1960-64 average.

Detailed tables and analyses appear in April's *World Agricultural Production and Trade: Statistical Report*.

El Salvador Urges Sugarcane Acreage Restrictions

Owing to a large accumulation of sugar stocks and to avoid a worsening situation, El Salvador's Minister of Agriculture has called upon sugar producers to abstain from planting a larger area of sugarcane next season. With the current crop estimated at around 120,000 metric tons (132,000 short tons), this season's carryover could reach 45,000 metric tons. The sugar surplus problem is attributed to limited local and foreign markets at the present time. It is hoped that some expansion in domestic sales can be attained through encouraging development of sugar-using industries such as production of jellies—large quantities of which are imported.

Israel's Honey Production Increases

Production of honey in Israel is increasing rapidly. While there has been an annual increase of 4,000-6,000 hives, production per hive has increased during the last 3 years by almost 50 percent, mainly because modern methods of feeding and extraction have been applied. Production for the 1965-66 season amounted to 2,070 metric tons, compared with 1,520 for 1964-65 and 1,220 for 1963-64.

Moving of hives from place to place according to the blooming seasons in different parts of the country has reduced dependence of production on the length of the citrus blooming season. The mixing of different qualities of honey resulting from this practice has had a retarding effect on exportability of Israel's honey.

As the market seems to be unable to absorb the 1965-66 crop, beekeepers have been asked by the Ministry of Agriculture to form a Honey Marketing Board, which would then be able to organize exports of these surpluses. In a recent poll, the vast majority of the beekeepers agreed to the proposal (which implies closing of individual retail marketing outlets for individual producers), and the board is likely to be set up in the near future. Presently there is a surplus of about 500 tons, which therefore might be expected to appear on the world market. If increases in production will be accompanied by improved quality and packing, Israel's oldest agricultural product might well find a ready market abroad.

Spain Sets Sugar Regulations

The Spanish Government has promulgated a decree regulating the 1967-68 marketing year for sugar. Under this directive, acreage may be planted to sugarbeet and sugarcane that will yield a production on the order of 620,000 metric tons (672,000 short tons) of beet sugar and 35,000 metric tons (38,500 short tons) of cane sugar.

Prices to the farmers for both cane and beets will be based on sucrose content. Sugarmills will not be required to accept beets having a sucrose content below 12 percent.

Although sugar production has been increasing in Spain, the country is still on a net import basis. Production for 1966-67 amounted to about 637,000 short tons.

Brazilian Cocoa Bean Crop Above Expectations

Brazil's 1966-67 (October-September) cocoa bean crop is now expected to exceed last year's harvest of 171,000 metric tons. Harvesting of the Bahia main crop through the end of March totaled 1,526,103 bags (91,566 metric tons), and the 1967 Bahia Temporao crop is expected to exceed 1.3 million bags (78,000 tons). Production from other areas usually approximates 100,000 bags (6,000 tons).

Brazilian exports of cocoa beans and products during 1966 rose sharply over the previous year. Shipments of cocoa beans during 1966 totaled 112,498 tons (\$50.7 million), and product exports were cocoa butter, 21,016 tons (\$20.8 million) and cocoa cake, 5,698 tons (\$535,530).

Spanish Cotton Crop Larger in 1966-67

The 1966-67 cotton crop in Spain is now estimated at 410,000 bales (480 lb. net)—around 10 percent above the 1965-66 outturn. Harvested area was 530,000 acres, compared with 500,000 in 1965-66, and yield per harvested acre, about 370 pounds, compared with 350. This season's crop will provide about two-thirds of the estimated mill requirement of 625,000 bales. Consumption in 1965-66 was sustained by a favorable domestic and export demand for textiles, and through the first several months of 1966-67 mill offtake continued at a brisk pace.

Imports in the August-February period of 1966-67 were 114,000 bales, 10 percent above the 104,000 imported a year earlier. Unusually large imports in the full 1965-66 season (285,000 bales) resulted in a buildup in stocks to nearly 150,000 bales by season's end. These stocks will probably be pulled down during the current season, since total imports in 1966-67 are not expected to exceed 200,000 bales. Over half of imports to date have been from Turkey. Other important suppliers have been Egypt, Syria, Mexico, Sudan, Brazil, and Argentina.

The Spanish Government is expected to shortly announce the official schedule of prices to be paid growers for the 1967-68 crop. There have been several reports that cotton farmers may shift to alternative crops in 1967-68, especially grains.

Spanish cotton farmers by decree law were guaranteed

the equivalent of 38.32 U.S. cents per pound for Middling 15/16 inch cotton in 1966-67, compared with a world price which has averaged between 23.50 and 24.50 cents for this grade and staple. Raw cotton imports are subject to both ad valorem and specific taxes. These taxes are passed on to the mills in the form of higher prices for imported cotton in order that these prices be about equivalent to the prices paid to farmers for the domestic crop. Mills earn negotiable "drawback certificates" against the quantity of cotton contained in textiles exported. These certificates are essentially refunds of taxes paid on imports of raw cotton.

Higher Argentine Prune Exports

In light of larger supplies and the recent currency devaluation, a sharp recovery in Argentine dried prune exports is expected for 1967. The 1967 pack is estimated at 8,400 short tons, about the same as last year's 8,300-ton crop but above the 5-year average (1961-65) of 7,600.

Exports in 1966—2,300 tons—were unusually low, approximately half of average, and the carryout at the end of the year was exceptionally heavy, reportedly 3,700 tons. Supplies in 1967, therefore, total over 12,000 tons, of which 4,500 may be exported. Domestic disappearance in 1967 should also be sharply higher.

ARGENTINA'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES			
Item	Average 1961-65	1966	Preliminary 1967
	Short tons	Short tons	Short tons
Beginning stocks (Jan. 1)	200	.....	3,700
Production	7,600	8,300	8,400
Total supply	7,800	8,300	12,100
Exports	4,500	2,300	4,500
Domestic disappearance	3,200	2,300	3,500
Ending stocks (Dec. 31)	100	3,700	4,100
Total distribution	7,800	8,300	12,100

On March 13, the Argentine Government devalued the peso from 250 to 350 pesos per U.S. dollar. A devaluation of this magnitude could greatly increase the competitiveness of Argentine exports. However, at the same time, the government imposed export taxes on most export items in order to prevent price disruption, both domestic and export, and to forestall windfall profits. Also, the export rebate system—previously used to stimulate exports—was eliminated, since the new rate is conducive to exports.

The net effect on dried fruits is as follows:
Previously there was a 6-percent rebate so that the return to the exporter at the 250-peso exchange rate was 265 pesos for each dollar of sale. Under the new program, with the 16-percent export tax, the exporter nets 294 pesos to the dollar at the 350-peso exchange rate. Thus, the exporter gets about 10 percent more pesos than formerly for the foreign exchange he receives, and can to that extent be more competitive in foreign markets. The government has also announced that export taxes will be gradually reduced, the purpose being to induce higher prices for producers.

The quality of the 1967 prune pack is said to be good, though the average size is probably below normal, reportedly mostly in the 70/80- and 80/90-size groups with a reduced proportion in the large sizes.

Brazil continues to be far the most important market for Argentina's prune exports, taking 1,918 tons, or 82 percent of the total, in 1966.

Larger Greek Table Olive Pack

The 1966 Greek table olive pack estimate has been revised upward to 75,900 short tons, or 25,400 above the previous year. Most of the increase took place in Central Greece and Euboea, which is the major producing district and accounted for 57 percent of the current pack. The larger pack was aided by improved aerial spraying against the Dacus fly. The bulk of the crop is reported to consist of medium and small sizes.

Exports during the 1966-67 marketing season are forecast at 17,600 tons—up 2,000 from the previous year. The 1960-64 average is 17,500 tons. Of total 1965-66 shipments, Romania and Bulgaria each took 18 percent, followed by Italy with 15 percent and the United States with 11 percent.

Black olive prices per short ton f.o.b. in March 1967 are reported to range between \$363 and \$544, or the same as those in November 1966. Prices for green olives are quoted at \$27 per ton less than those in November 1966.

GREEK TABLE OLIVE SUPPLY AND DISTRIBUTION			
Item	1964-65	Revised 1965-66	Preliminary 1966-67
	Short tons	Short tons	Short tons
Beginning stocks (Nov. 1)	16,500	5,500	7,700
Production	31,600	50,500	75,900
Total supply	48,100	56,000	83,600
Exports	18,600	15,600	17,600
Domestic disappearance	24,000	23,900	24,100
Pressed for oil .....	.....	8,800	27,600
Ending stocks (Oct. 31)	5,500	7,700	14,300
Total distribution	48,100	56,000	83,600

GREEK: F.O.B. OLIVE PRICES IN EARLY NOVEMBER 1965 AND 1966 AND IN MARCH 1967				
		Green olives		
Size	Number	1965	1966	1967
	Olives per pound	U.S. dol. per short ton	U.S. dol. per short ton	U.S. dol. per short ton
Super Colossal	50- 54	526	635	608
Colossal	57- 60	499	(1)	(1)
Giants	64- 68	472	572-581	545-554
Extra Jumbo	73- 77	454	(1)	(1)
Jumbo	84- 91	435	483	456
Extra Large	95-104	(1)	(1)	(1)

¹Not available.

Argentine Tung Crop Estimated Lower

According to the first official estimate, Argentina's 1966-67 tung nut crop is placed at 128,600 metric tons—one-fourth below the record of 174,500 tons in 1965-66 but 14 percent above average annual production of 112,325 tons in the 1962/63-1965/66 period.

The marked decline in nut production this year reflects some normalization from last year's record crop, as well as damage resulting from root decay which has been recently reported in several areas in Misiones Province. Harvested acreage, which in 1962-63 was estimated at 119,100 acres, rose 13 percent to 134,900 in 1965-66.

Argentine tung oil production in 1967-68, from the

1966-67 nut crop to be harvested in the March-May period, is unofficially forecast at roughly 42 million pounds, compared with 55 million in 1966-67 and 20.6 million in 1965-66. This forecast is based on an assumed extraction rate of 15 percent.

Since 1961, Argentina has been the major exporter of tung oil, with about 41 percent of total world exports. According to preliminary data, Argentine exports of tung oil in calendar 1966 amounted to 31.2 million pounds, compared with 26.3 million in 1965. In 1967 through mid-March, exports amounted to about 10.5 million pounds, or about double the 5.3 million exported in the same period of 1966.

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during March 1967 totaled 67,050 long tons, compared with 78,497 last year. Of the total, 21,150 tons moved to the United States, compared with 22,350 in the same period a year ago.

Exports of coconut oil during March 1967 amounted to 9,619 tons, against 13,476 last year. Movements to the United States were 8,000 tons, compared with 10,476.

Desiccated coconut exports amounted to 5,639 short tons in March, with 4,201 moving to the United States. In the same month last year, total exports were 5,866 tons, with 4,946 going to the United States.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Commodity and destination	March		Jan.-March	
	1966	1967 ¹	1966	1967 ¹
	<i>Long tons</i>	<i>Long tons</i>	<i>Long tons</i>	<i>Long tons</i>
Copra:				
United States	22,350	21,150	56,330	64,470
Europe	49,147	41,400	145,097	102,600
South America ..	1,000	1,500	7,300	4,650
Japan	6,000	3,000	10,000	9,500
Total	78,497	67,050	218,727	181,220
Coconut oil:				
United States	10,476	8,000	59,892	50,494
Europe	3,000	1,619	7,401	3,119
Total	13,476	9,619	67,293	53,613

¹Preliminary.

Associated Steamship Lines, Inc., Manila.

Suez Canal Northbound Shipments

Shipments of oil-bearing materials north through the Suez Canal during October-February 1966-67 amounted to 610,478 metric tons, or 5 percent less than in the same months in 1965-66. The decline reflected reduced movements of soybeans, peanuts, cottonseed, and flaxseed; however, shipments of castorbeans, palm kernels, and sesameseed increased. Shipments of soybeans totaled 806,000 bushels, against 1,483,000 in the 1965-66 period.

Vegetable oil shipments during October-February amounted to 215,450 tons, against 195,790 in the same period in 1965-66. The increase chiefly reflected larger movements of palm, coconut, peanut, and cottonseed oils. No sesame oil was reported, and shipments of tung oil declined.

Vegetable cake and meal shipments in October-February were 594,500 tons, or 78,760 tons below the 673,260 tons in the same 1965-66 period. Most of the decline reflected

reduced movements of peanut, copra, and cottonseed cakes and meals. However, shipments of linseed cake and meal increased significantly.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

Item	February		Oct.-Feb.	
	1966	1967	1965-66	1966-67
	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>
Soybeans ¹	8,571	5,351	40,367	22,237
Copra	82,958	50,009	402,841	400,705
Peanuts	21,267	21,081	69,216	57,935
Cottonseed	6,203	4,908	43,113	24,961
Flaxseed ²	1,596	120	1,596	1,290
Castorbeans	3,438	4,377	16,717	30,609
Palm kernels	5,899	2,138	14,613	17,376
Sesame	4,987	3,955	24,665	27,042
Others	12,915	5,309	32,849	28,323
Total	147,834	97,248	645,977	610,478

¹One metric ton of soybeans equals 36.7 bushels. ²One metric ton of flaxseed equals 39.4 bushels.

Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

Month and quarter	Year beginning October 1				
	1962	1963	1964	1965	1966
	<i>1,000 bu.</i>	<i>1,000 bu.</i>	<i>1,000 bu.</i>	<i>1,000 bu.</i>	<i>1,000 bu.</i>
January	622	661	212	1,058	364
February	451	590	923	315	197
March	255	233	1,692	590	.....
October-December	13	19	1,604	110	255
January-March	1,328	1,484	2,826	1,963	.....
April-June	573	706	1,376	1,026	.....
July-September	1,584	4,106	1,562	1,588	.....
October-September	3,498	6,315	7,368	4,687	.....

Totals computed from unrounded numbers.

Suez Canal Authority, Cairo, Egypt.

Pakistan's Rapeseed Acreage Increases

Pakistan's first official estimate for 1966-67 rapeseed and mustardseed crops places plantings of these products at 1,615,000 acres. This is the same as the first estimate for 1965-66 and slightly above that season's final estimate of 1,565,000 acres. It is, however, 10 percent below the 1960-64 average.

Ceylon Exports Less Coconut Products

During calendar year 1966, Ceylonese exports of copra, coconut oil, and desiccated coconut all declined for the second consecutive year.

The decline reflected reduced coconut production due to below average rainfall during December 1964 through July 1965. Prospects for exports in 1967 indicate a further reduction, perhaps 15 to 20 percent, as a result of further drought conditions in 1966.

Exports are estimated to have accounted for about 40 percent of total production in 1966, while 60 percent was consumed domestically. In 1965, 45 percent of the production was exported.

Ceylon's exports of copra in 1966 were 20,869 long tons—nearly 50 percent below the reduced 1965 volume. Reduced exports to India, the major market, accounted for most of the decline.

Aggregate coconut oil exports from Ceylon were 72,867

tons—14,031 tons less than the 1965 volume. Despite the overall decline in exports, movements to Pakistan, the USSR, and East Germany increased significantly. Reduced exports to Mainland China, Italy, the United Kingdom, and Canada accounted for most of the decline. Two coconut oil storage tanks are now being constructed at the port of Colombo. These tanks are reported to have a capacity of 1,000 tons each. When added to the existing facilities having a capacity of 4,500 tons, increased exports of coconut oil will be possible.

Exports of desiccated coconut in 1966; at 46,534 tons, were 11 percent below the 1965 tonnage. The bulk of these exports moved to Europe, with exports to the United Kingdom accounting for 37 percent of the total.

Exports of poonac (copra expeller meal) were banned by the government in 1966 because of scarce supplies which were needed for domestic livestock production.

CEYLON'S EXPORTS OF COPRA, COCONUT OIL, AND DESICCATED COCONUT

Country of destination	1964	1965	1966
	<i>Long tons</i>	<i>Long tons</i>	<i>Long tons</i>
Copra:			
India	50,683	26,548	10,974
USSR .....	.....	7,176	3,823
Yugoslavia	1,988	3,352	.....
Pakistan	4,965	3,359	3,640
Others	445	511	2,432
Total	58,081	40,946	20,869
Coconut oil:¹			
China, Mainland	14,540	10,627	6,490
Pakistan	15,854	12,454	19,325
USSR	13,533	9,497	15,996
Italy	13,516	10,446	5,825
United Kingdom	13,923	7,916	2,051
Canada	10,154	8,226	857
East Germany	6,489	7,079	8,124
Netherlands	4,233	2,477	2,518
Cuba .....	.....	2,150	857
Burma	7,449	2,136	212
Romania	861	1,777	1,000
West Germany	2,606	1,904	683
South Africa	170	1,640	30
Morocco	1,868	1,344	680
Others	12,363	7,225	8,219
Total	117,559	86,898	72,867
Desiccated coconut:			
United Kingdom	19,054	18,508	17,370
West Germany	7,488	6,638	3,162
East Germany	2,764	4,427	2,062
Spain	2,682	2,852	2,993
Netherlands	3,362	2,912	3,174
Canada	2,757	1,918	6
South Africa	1,733	1,626	1,870
France	1,745	1,695	1,557
Belgium	1,609	1,695	1,681
Others	10,783	9,766	12,659
Total	53,977	52,037	46,534

¹Crude and refined.
Ceylon's Custom Returns.

Argentine Sunflowerseed Production Up

According to the first official estimate, the Argentine sunflowerseed crop harvested in April-June this year is estimated at 980,000 metric tons compared with a first estimate last year of 800,000 and a final estimate of 782,000. The increase reflects an 18-percent increase in plantings from the 2,919,000 acres harvested last year, as well as some increase in average yield.

Peruvian Fishing Restrictions

A decree of February 10, 1967, by the Government of Peru prohibited anchoveta fishing during February 15 through March 14 and on Saturdays and Sundays throughout the season. Because of the industry-wide strike during November 1-December 14 last year, the closed season will be limited to August and September. The official Peruvian fish catch limit in 1966-67 was increased to 8 million metric tons compared with 7 million in 1965-66.

Despite the restrictions, stocks of fish meal at the end of this season (July 31, 1967) could exceed the present record volume of about 600,000 tons reflecting an abundance of fish and lagging exports.

Australia Imports Less Tobacco

Australian imports of unmanufactured tobacco totaled 22.9 million pounds last year—a drop of 23 percent from 1965 imports of 29.6 million. The United States and the Republic of South Africa were the most important sources of leaf imports in 1966.

Although imports of U.S. leaf dropped from 19.5 million to 16.4 million pounds, the U.S. share of the total in 1966 was up to 71.5 percent from 65.8 percent in 1965. Imports of Rhodesian leaf fell from 5.4 million pounds in 1965 to only 891,000 pounds last year, reflecting sanctions imposed upon Rhodesian trade. There were increases last year in imports from Greece, Canada, and Turkey.

Average import prices per pound, in terms of U.S. cents, for leaf imports from the major suppliers in 1966 were the United States 90, the Republic of South Africa 93, Greece 49, Rhodesia 54, and Malawi 30.

AUSTRALIA'S TOBACCO IMPORTS

Origin	1964	1965	1966	Avg. price per lb.
	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>U.S. cents</i>
United States	14,811	19,506	16,382	89.9
Rep. of South Africa	4,720	3,590	2,554	93.4
Greece	(1)	177	1,093	49.1
Rhodesia	5,529	5,414	891	53.8
Malawi	174	425	385	29.5
Canada	357	30	214	94.8
Turkey	(1)	128	133	68.7
Others	2,885	374	1,232	.....
Total	28,476	29,644	22,884	84.4

¹If any, included with others.

Zambia's 1967 Tobacco Crop

Recent estimates place Zambia's 1967 tobacco harvest at about 13 million pounds, or some 25 percent less than the 1966 crop.

Flue-cured production in Zambia this year is placed at about 11.8 million pounds, compared with 14.5 million in 1966. The burley crop may fall to 800,000 pounds, from 1.9 million in 1966, and oriental leaf may total 500,000 pounds—a little more than last season's crop.

Much of the flue-cured crop was planted late, and as a result the auctions at Lusaka will begin on May 3, with the "Dutch Clock" auction system used for the first time.

Although Zambian plans for a rapid expansion in tobacco production are behind schedule, strong demand for Zambian leaf should make for stepped-up output in the near future.

Italy's Leaf Tobacco Trade

Italy's trade in leaf tobacco was about in balance in 1966. Imports totaled 14.4 million pounds, and exports, 14.5 million. In 1965, imports were 22.6 million pounds—nearly 3 times the level of exports.

Greece replaced the United States in 1966 as the biggest supplier of Italian tobacco imports.

Italy's exports of leaf tobacco in 1966 were destined primarily to West Germany, which took 10.7 million pounds of the total of 14.5 million. Other outlets included the Netherlands, Switzerland, and the United States.

ITALY'S TOBACCO TRADE				
Country of origin or destination	Imports		Exports	
	1965	1966	1965	1966
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Greece	3,931	4,515	.....	.....
United States	5,258	4,167	.....	862
Switzerland	1,041	2,068	1,384	994
Bulgaria	1,695	1,177	.....	.....
Turkey .....	.....	924	.....	.....
Brazil	2,822	.....	.....	.....
Indonesia	2,028	.....	.....	.....
Philippines	1,810	.....	.....	.....
Yugoslavia	1,239	.....	.....	.....
Germany, West .....	.....	.....	6,038	10,677
Netherlands .....	.....	.....	494	1,519
Others	2,740	1,558	592	423
Total	22,564	14,409	8,508	14,475

Greece's Oriental Harvest Revised Downward

Current estimates place the 1966 harvest of oriental tobaccos in Greece at 202.6 million pounds from 312,400 acres, compared with an early season forecast of 240.9 million pounds from an allotted area of 284,165 acres. The reduced outturn was mainly attributed to dry weather, which adversely affected yields per acre. Revised data for the 1965 crop places the harvest at 266.7 million pounds from 314,502 acres.

The allotted acreage for the 1966 crop was for the first time based upon production of each specific variety grown in Greece and not wholly upon acreage as in the past. The program was designed to achieve a harvest of 242.5 million pounds from an allotted area of 284,165 acres. For the 1967 crop, the area element has replaced the poundage concept of the previous season, and plantings this season are forecast at about 321,000 acres; with normal yields, the harvest may approach 265 million pounds.

Finland's Cigarette Output Down a Little

Finland's output of cigarettes dropped a little last year. At 6,383 million pieces, it was 2 percent smaller than the 6,517 million for 1965.

Filter-tipped cigarettes continued to dominate the market, accounting for 75 percent of sales in 1966, against 71 percent in 1965. These are available in all lengths.

In the early months of 1967, the average price per pack of 20 of the short-size cigarettes was equal to about 47 U.S. cents; for the standard, long, and king-size it was 65.

Production of cigars and cigarillos last year totaled 85.1 million pieces, compared with 37.5 million in 1965. Output of smoking tobacco rose from 1.75 million pounds in 1965 to 1.78 million last year.

French Cigarette Sales

Cigarette sales by the French Monopoly in 1966 totaled 54.3 billion pieces—up about 5 percent from 1965. Domestic-made brands accounted for 51.9 billion pieces, or 96 percent of the total. Sales of imported brands totaled 2.4 billion, compared with 2.1 billion in 1965.

Sales of U.S.-made cigarettes dropped last year. This drop, however, was more than offset by larger sales of cigarettes imported from other member countries of the European Economic Community. It is likely that a considerable portion of these were U.S. brands manufactured under license in the Common Market countries.

Thailand's Cigarette Sales Continue To Rise

Thailand's consumers smoked about 11.1 billion domestic-made cigarettes in 1966, compared with 10.3 billion in 1965. This is a gain of nearly 8 percent and continues the steady rise in Thai cigarette consumption noted in recent years. With the exception of two minor brands, all of the cigarettes sold contained varying proportions of U.S. leaf tobacco.

Sales of Gold City brands (regular and king-size) totaled 2.6 billion pieces last year, compared with about 1.9 billion in 1965. Samit sales rose from 1.2 billion in 1965 to 1.5 billion last year, and consumption of Falling Rain rose from 38 million pieces in 1965 to 156 million in 1966. Falling Rain, a mentholated, filter-tipped brand introduced in 1965, has become popular with Thai smokers.

New Zealand's Tobacco Crop in 1967

New Zealand's 1966-67 harvest of tobacco is placed at about 7 million pounds, up a little from the 6.8 million produced in the previous year. The 1966-67 crop would have been nearly a million pounds larger except for substantial losses resulting from a hail storm in January of this year.

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Highlights of the Agriculture and Trade of Taiwan

Resources:—Taiwan, one of the smallest countries in the Far East, has an economic base and agricultural resources supporting a population larger than that of Australia. A central mountain chain, rising over 11,000 feet, runs the length of the island and covers two-thirds of the land. Land facing the Taiwan Straits falls in a series of tables and valleys to a fertile coastal plain. Most of Taiwan's cropland is along this coast, and much of it is planted to rice, sugarcane, sweetpotatoes, peanuts, soybeans, and vegetables. Arable land above the coastal plain is planted to bananas, pineapple, tea, citrus, and sugarcane for brown sugar. Land on the Pacific Ocean side of the mountain chain drops sharply to a rugged coast, leaving little room for tillage. The generally warm climate allows planting all the year round, but annual typhoons frequently damage crops.

Agriculture:—Important factors sustaining Taiwan's agricultural success are land reform, technological advances, and the development of farmers' organizations. As a result of the 1953 Land-to-the-Tiller Act, 87 percent of the farmers now own and till their own land. Technological advances achieved in Taiwan span the spectrum of practices reached by the most advanced countries. Significant in Taiwan is the speed of communication between technological centers and the highly literate farm areas. Farmers' Associations can claim much credit for this. There are 3,500 monthly extension courses attended by over 600,000 farmers, and 4,000 model farmers assist their associations by carrying out experiments which will benefit all.

Rice remains the principal food crop, but commercial production of sugarcane, banana, pineapple, asparagus, and mushrooms make greater contributions to the economy through export. Rice is grown continuously in irrigated areas, and ample use of fertilizers provides farmers with the second highest yields in the Far East.

Pineapple production has doubled during the past decade because farmers find that pineapples grow well along the banks of streams and other land not normally planted to crops. Production of pineapple, asparagus, and mushrooms—new crops for Taiwan—have given rise to a canning industry.

Food supply:—The most common foods in this Chinese diet are rice, sweetpotatoes, and wheat-base noodles. The

customary food patterns are changing from staples to highly processed foods and from starchy diets to high-protein diets. Along coastal areas, fish is the principal meat; in the interior, meat is obtained from hogs and chickens.

The U.S. Food for Peace program has aided Taiwan's school lunch program. Education is compulsory in Taiwan, and 96 percent of all children attend primary schools. The government also sponsors a low-cost school lunch program and a program to teach proper selection of food, cooking, and sanitary preparation of food.

Foreign trade:—Agricultural products account for 55 percent of Taiwan's exports. Sugar has long been the best export product, but none of the world's leading sugar producing countries must sell as large a proportion of total production at world prices as Taiwan. With the collapse of sugar prices in 1965, Taiwan's earnings from this product dropped 58 percent while export volumes decreased only 7 percent. Japan buys most of Taiwan's banana exports, and earnings have moved up sharply since 1964. Canned pineapple, mushrooms, and asparagus exports have increased spectacularly in recent years.

Factors affecting trade with the United States:—The United States is the second largest supplier of Taiwan's imports, increasing its share from 16 percent to 25 percent during the past 10 years. Principal U.S. agricultural products moving to Taiwan are wheat, cotton, soybeans, inedible tallow, and tobacco. Cotton sales have declined during the 1960's, but sales of the other principal agricultural products have increased.

Exports of U.S. corn to Taiwan are becoming significant. In 1965, the United States exported 32,000 tons of corn valued at \$1.9 million—double the volume sold to Taiwan 4 years earlier. A new export to Taiwan is baby chicks. In 1965 Taiwan bought 112,000 baby chicks from the United States.

With the phasing out of P.L. 480 programs, future sales of agricultural commodities will be on a commercial basis. Taiwan is encouraging consumption of wheat to allow greater export of rice. The United States is expected to continue supplying a major portion of Taiwan's wheat market.

—WILLIAM J. C. LOGAN

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